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FISCAL IMPACT REPORT

ORIGINAL DATE 1/25/22

SPONSOR Stefanics LAST UPDATED _____ HB _____

SHORT TITLE SNAP Transitional Support SB 66

ANALYST Rees

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY22	FY23		
	\$10,000.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY22	FY23	FY24	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
FTE	\$0.0	\$77.6	\$77.6	\$155.2	Nonrecurring	SGF/Federal Funds

(Parenthesis () Indicate Expenditure Decreases)

The Human Services Department also notes that ASPEN changes will cost \$1,825.0 in FY 23, a Nonrecurring expense from SGF/Federal Funds.

Relates to SB 62-Senior SNAP Cost-of-Living Increases

SOURCES OF INFORMATION

LFC Files

Responses Received From

Human Services Department (HSD)

SUMMARY

Synopsis of Bill

Senate Bill 66 proposes a \$10 million appropriation to the Human Services Department (HSD) for three months of transitional support when Supplemental Nutrition Assistance Program (SNAP) recipients employment earnings result in a loss of eligibility for SNAP benefits.

The appropriation is effective July 1, 2022.

FISCAL IMPLICATIONS

According to HSD, SB66 appropriates \$10 million from the general fund to the Human Services Department in FY23. Any funding not expended at the end of FY23 is to be retained by the Department and not reverted.

ISD requires one ½ time FTE for policy and program development and one ½ time FTE for the training and development support for the implementation of the program changes required by SB66. Below are the fiscal impacts for the additional positions.

# of FTE	Division	Description	Range	Hourly rate	520300	521100	521200	521300	521700	Total Benefits	TOTAL Cost	FFP	GF Need	FF Need	
					Annual Salaries	Insurance Rate Bi-weekly	Group Insurance	PERA	FICA						RHC
0.5	P525 - Income Support Division	Social & Community Coord.	70	25.10	26,204	204	4,667	4,649	2,005	524	11,844.07	38,048	55%	17,122	20,927
0.5	P525 - Income Support Division	Training & Development Spec	65	22.54	23,532	204	4,667	4,175	1,800	471	11,112.03	34,644	50%	17,322	17,322
1	TOTAL Personnel / Benefits				49,800		9,400	8,800	3,900	900	23,000	72,800	50%	36,400	36,400
Other Operating Costs:			per person	4 fte	GF	FF									
542100 - Instate M & F			140	100	50	50									
542200 - Instate M & L			200	200	100	100									
544100 - Office Supplies			560	600	300	300									
544900 - Invent Exempt			2,160	2,200	1,100	1,100									
546600 - Telecomm			1,700	1,700	850	850									
			4,760	4,800	2,400	2,400									
TOTAL			77,600		38,800	38,800									

SB66 creates new eligibility requirements resulting in enhancements to the state’s eligibility system and payment issuance vendor. It is estimated that the work would take nine months to complete and would cost approximately \$1,825,000, as detailed below in Administrative Implications. SNAP related enhancements to the system earn a 50 percent federal match, which would result in a state general fund cost of approximately \$912,500 in the year in which the work is done.

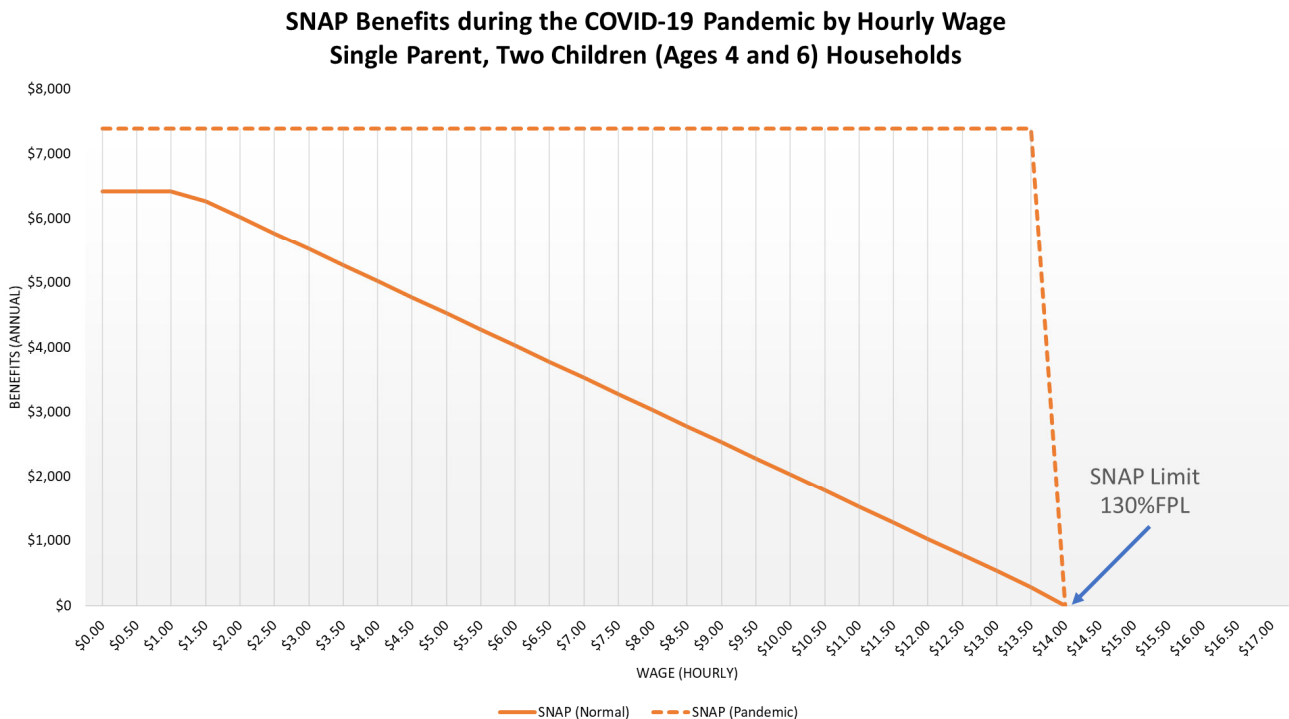
SIGNIFICANT ISSUES

SB66 is silent regarding how these benefits should be issued. HSD believes these benefits would best be issued in a tiered structure. For example, HSD could provide \$200 to a household for the first month, \$100 for the second month, and \$50 for third month for a total supplement amount of \$350 per household, which supports 28,571 households mitigating the cliff effect. Using the average number of SNAP Need Based Closures in 2021 as a proxy for the monthly number of closures due to employment earnings, the average monthly cost at \$350 per household is \$1,489,091 and would provide about 7 months of transitional support.

PERFORMANCE IMPLICATIONS

According to HSD, the program’s primary purpose is to mitigate the cliff effect from SNAP participation. Currently, SNAP benefits are supplemented with the Emergency Allotment, which raises the benefit amount that households receive to the maximum allowed regardless of income

level. The below graph shows SNAP benefits and SNAP benefits with the Emergency Allotment by hourly wage, assuming a 40-hour work week. Thus, there is a relatively greater disincentive to seek employment due to the higher benefit amount. The program would serve to counter the disincentive by providing continued support for three months, and therefore increasing the incentive to seek and maintain employment.



ADMINISTRATIVE IMPLICATIONS

SB66, if enacted, will require the Income Support Division (ISD) of HSD to promulgate new rules in the New Mexico Administrative Code (NMAC).

SB66, if enacted, will also require development and delivery of training of staff regarding changes to the eligibility requirements.

Finally, SB66, if enacted will create new eligibility requirements resulting in enhancements to the State’s eligibility system and payment issuance vendor. It is estimated that the work would take nine months to complete and will cost approximately \$1,825,000, as detailed below. SNAP related enhancements to the system earn a 50 percent federal match, which would result in a state general fund cost of approximately \$912,500 in the year in which the work is done.

The changes include:

- Reference Table Changes
- Eligibility Changes
- Disposition Changes
- Screen Changes
- Correspondence Changes

	Cost
Design	\$ 474,500.00
Development	\$ 803,000.00
Testing	\$ 365,000.00
Implementation	\$ 146,000.00
Management	\$ 36,500.00
Total	\$ 1,825,000.00

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

SB62 – Senior SNAP Cost-of-Living Increases.

OTHER SUBSTANTIVE ISSUES

Currently, HSD affords five months of transitional SNAP benefits for individuals who have gained employment. SB66 could allow HSD to create an additional eligibility level, with less restrictions, utilizing general fund to support SNAP households whose eligibility is terminated due to employment earnings.

Clarification is needed as to whether or not the \$10 million is strictly to be used on benefit for recipients or if this also allowed to be used for administration expenses.

HSD would like to amend SB66 to all the following language: “Funds may be used for administrative support for program implementation.”

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

SNAP households that have increased employment earnings whose SNAP cases close will not receive the transitional assistance, in turn not addressing the cliff effect. This bill allows HSD to lessen the cliff effect for those SNAP households that lose SNAP due to increased earnings.

CR/al